
Economic processes management at microlevel

Cite This Article:

Denysenko M. P., Deulina K. S. Activities to enhance innovation: innovation strategy woodworking company [Online] // *Economic Processes Management: International Scientific E-Journal*. 2016. № 4. Available:

http://epm.fem.sumdu.edu.ua/download/2016_4/epm2016_4_14.pdf

Received
November 18, 2016

Accepted
December 5, 2016

UDC 330.341.1

JEL Classification: C51, O14, O32

**ACTIVITIES TO ENHANCE INNOVATION: INNOVATION STRATEGY
WOODWORKING COMPANY**

Denysenko Mykola Pavlovych

Doctor of Economics, Professor of Business and Economics Department

Deulina Karyna Sergiivna

Student

Kyiv National University of Technology and Design, Ukraine

A major factor in the development of economic systems in modern conditions is innovation, so the economy remains an important task – the development of internal processes based on innovation. The presence of innovative component in the production will increase the competitiveness of individual firms and the economy as a whole, as well as the volume of production and exports. New ideas and products, advanced technologies and organizational solutions increasingly determine the success of entrepreneurial activity, ensure the survival and financial stability of the enterprise. The necessity of implementation of innovation activities emerges as the main requirement. That is why the problems of innovative activity in economic systems nominated in the category of priorities in the structure of economic research. The article substantiates the position of innovative development of the woodworking industry.

Keywords: *innovation, innovation strategy, wood industry.*

Statement of the problem. Selected the correct development strategy of enterprises, which will depend on the dominant type of innovation, built systems and a selection of modern organizational heights, forms management, forecasting and modeling behavior of the enterprise concerning the implementation of its innovative products in the market, will allow to ensure the production efficiency. Integrated assessment of innovative development of the woodworking industry is in a critical state (low level of competitiveness of production) for its development, it is advisable to develop a policy and strategy which would allow to increase the competitiveness of the industry.

Analysis of recent research. On the study of various aspects of innovative activity

worked: the O. I. Amosha, A. P. Elec. I. V. Kedrevich, T. P. Kostyuk, N. V. Litwinenco, A. A. Mazaraki, V. I. Neguborec, N. D. Korinko and many others. However, the role of innovation in a global context is still not fully understood, the scale and level of scientific development of this question are still insufficient, therefore there is a need for further research. A significant contribution to the development of problems of timber industry complex development, including wood production, have made such scientists as N. Boyko, V. Bondar, A. Bobkov, N. Wasyluk, S. Genseruk, Z. Gerasimchuk, V. Golyan, Y. Dyachenko, Y. Koval, N. Kozoriz, V. Kucheruk, A. Oksanich, V. Pila, M. Rimar.

The purpose of the article. Identification and characterization of factors that contribute to activation of innovative activity of the enterprise and the search for possible solutions to this problem in the woodworking industry.

Main material. According to the Law of Ukraine "On innovation activity" innovation is an activity that involves the use and commercialization of results of scientific research and development and determines the release to market of new competitive goods and services. In the process of innovation research, inventions become technological processes, during which creating new products [1].

The introduction and implementation of innovation in activity of the enterprise — is a painstaking job that requires organizational skills. Innovation in full is a comprehensive, systematic and covers the following types of work, as the search for ideas, licenses, patents, personnel, organization, research, engineering and technical activities which integrates invention, rationalization, design, creation of engineering objects, information and marketing activities [2].

The main internal objective of any enterprise or organization, which operate in a market economy is to maximize profit, the main factor of its economic stability. Innovation plays a decisive role.

We highlight several key provisions that provide the company with maximum profit [3].

First, it is expanding the range of sold products (services). Expanding the range is possible only in two ways: through new products (which have not been produced in the enterprise) or through the improvement (modernization or modification) of the products or services. Obviously, both the first and the second direction which provides expansion of the product range and consequently to an increase in profits directly related to innovation activities, because the set of works associated with the development, development and improvement of already manufactured products, in its essence is innovation.

Second, to maximize the price at which sold or provided the service. Obviously, the possibility of increasing the selling prices of product or services directly depend on the supply and demand for the company's products in the market. Most importantly, is the enterprise in the conditions of competition or monopoly position. The result of the monopoly position is the almost unlimited possibility of increasing the selling prices of product (services) and, consequently, profit. Business innovation is one of the means by which they can secure a monopoly position in the market or the demand for products and unreasonably inflate the price of its realization. In other words, innovation allows companies under certain conditions to occupy a monopoly position in the market with all the ensuing consequences, from the point of view of increasing the profits of the enterprise

through higher pricing of products and services.

Third, minimization of expenses for manufacture and realisation of a unit of production (services). Reducing these costs is possible only in two ways: either by mobilizing reserves technology that is already in use or by developing new processing chain or new elements in the old chain. This implies that the development of new techniques, technologies and new methods of organization and management of the production and marketing of the products is determined by the efficiency of innovative activities implemented by the enterprise. Fourth, the maximization of sales of products or services. The increase in sales volumes in the least degree depends on the efforts of enterprises, although there are certain levers of influence on consumer demand. Select two main directions: increase of the volumes of the old (already manufactured at this facility) products and new products. In turn, the increase in sales of old products due to the carrying out of a complex of marketing events aimed at sales promotion (advertising, sale etc etc.), entering new markets with old (for the enterprise) products, as well as by improving the consumer appeal of products. In turn, consumer appeal includes elements such as product price, quality and additional features of products. Increase consumer appeal will mean attractive from the point of view of consumers change the aforementioned elements. It is obvious that the activities related to improving the quality of products and provide new features is innovative. The new product is the result of innovative activities. Thus, the increase in volumes of realization of products (services) is largely achieved through relevant innovative changes. The main condition for innovative development of any business is awareness of the need for innovation on the part of management and internal readiness for their implementation. At the same time, a significant part of domestic researchers substantiate the position that it is the unwillingness of management and employees of the enterprises to become active participants and implementers of the innovation process in large measure led to the failure and insensitivity of the enterprise to innovation [4].

The economic growth of any sector of the economy, require innovative software and state incentives, the timely restoration of worn and obsolete assets in industrial enterprises. This concerns primarily the woodworking industry, a prerequisite for development which should be the reduction of resource and energy consumption.

The complex estimation of innovative development of the woodworking industry[5,6] suggests that she is in critical condition (low level of competitiveness of production and technical and technological backwardness of domestic production), for its further development is necessary to develop such a policy and strategy that would allow to increase the competitiveness of the industry. Innovative development of wood production is in the scientific and technological upgrading of wood production with the aim of increasing the competitiveness of the industry and minimizing loads, through the introduction of the development of world-class.

For the analyzed period the amount of fixed capital woodworking business increased substantially, by only 13.7%, this was due to the increase in the cost of fixed assets and increase of construction in progress, the company is pursuing the renewal of fixed assets and expand production. Consider, for example, the optimal plan for the investment the company, which plans to invest 600 thousands UAH. With the expected rate of return of at

least 10%.

For example, in the study the company considers the possibility of implementing the four projects, city of Chernovtsy (project A), Bila Cerkva (project B), Sumi (project C), Bila Cerkva (project D).

Table 1. Indicators of the effectiveness of alternative

Indicators	Projects			
	A	B	C	D
Investment costs, IP, th.UAH.	200	250	350	450
The rate of return I, %	10	10	10	10
NPV, thousand UAH	133.4	135.2	156.5	122.1
PI, %	13.8	15.4	13.5	16.1
Place on the index yield	3	2	4	1

As can be seen from table 1, the projects in descending order of profitability index are placed in the following order: D, B, A, C. Given the investment requirements of the project funding (200, 250, 350, 450 thousands UAH. respectively) and the budget constraint (600 thousand UAH), the investment portfolio may involve the full implementation of projects D and C (total investment needs 450 thousands UAH.) partial implementation of the project (150 thousand UAH. or 42.8% of the investment needs of the project).

We will form an optimal investment portfolio, if the company has the ability to exercise the reinvestment of 300 thousands UAH. net income and funds sinking Fund in the amount of 600 thousand UAH. the profitability of the use which should be 15% and 12% respectively. The Bank loans for the funding of projects is possible at the minimum rate of 12% with its gradual growth as the change in the ratio of borrowed and own sources of financing.

Graph the marginal cost reflects the ability of enterprises to attract financial resources. It is a set of conjugate between a horizontal segment whose length corresponds to the volume of financial resources provided for a particular scheme of financing of the investment portfolio, and the height of the embed — their weighted average cost.

So, to plot the marginal cost of capital must first determine the weighted average cost of capital under different enterprise conditions of its formation. Weighted average cost of capital for the four possible variants of financing of a portfolio of projects will be:

$$WACC_{900} = \frac{15 \cdot 300 + 12 \cdot 600}{900} = 13,0\%$$

$$WACC_{1500} = \frac{15 \cdot 300 + 12 \cdot 600 + (1 - 0,25) \cdot 12 \cdot 600}{1500} = 11,4\%$$

$$WACC_{1900} = \frac{15 \cdot 300 + 12 \cdot 600 + (1 - 0,25) \cdot 14 \cdot 1000}{1900} = 11.7\%$$

$$WACC_{2000} = \frac{15 \cdot 300 + 12 \cdot 600 + (1 - 0,25) \cdot 15 \cdot 1100}{2000} = 12.0\%$$

$$WACC_{3000} = \frac{15 \cdot 300 + 12 \cdot 600 + (1 - 0,25) \cdot 16 \cdot 2100}{3000} = 12.3\%$$

Input data required to plot marginal cost, are summarized in table 2

Table 2. The data to plot the marginal cost

The volume of Finanovich resources ths.	Own resources				The borrowed funds		WACC, %
	Profit		Depreciation Fund		thousand UAH.	Price, %	
	thousand UAH.	Price, %	thousand UAH.	Price, %			
900	300	15	600	12	-	-	13.0
1500	300	15	600	12	600	12	11.4
1900	300	15	600	12	1000	14	11.7
2000	300	15	600	12	1100	15	12
3000	300	15	600	12	2100	16	12.3

The optimum volume of capital investments is determined by the point of intersection of the graphs of investment alternatives and the marginal cost of capital (Fig. 1).

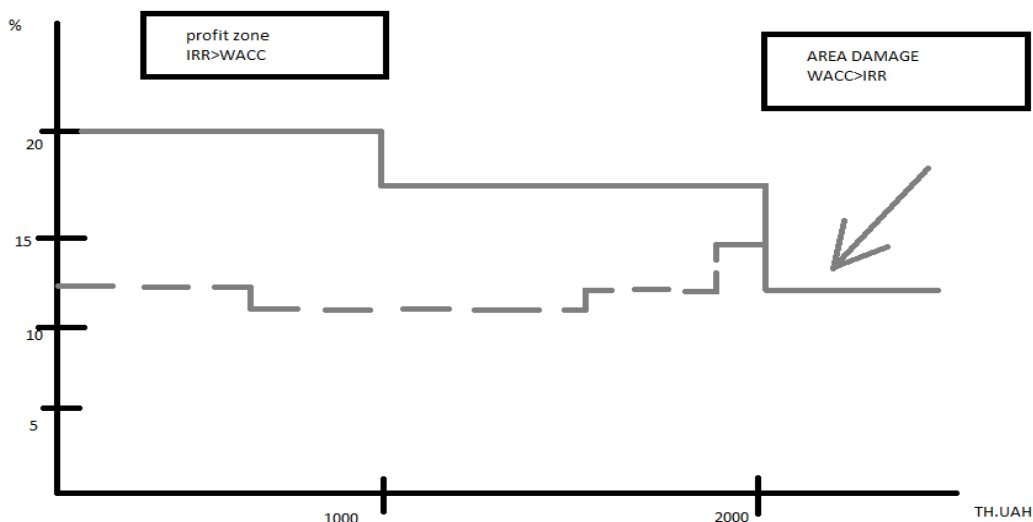


Fig. 1. Determining the optimal amount of capital investments

As can be seen from figure 1, the optimum is funding a portfolio of projects 2000

thousands UAH. formed from its own resources and 110 thousand loans, which corresponds to the average cost of capital of 12%. We can offer another version of the innovative activities of the company

Today, the company supplies its products in the Kiev, Zhytomyr, Cherkasy and Sumy oblast. In the domestic market it has over 30 regional dealers with whom they work on consignment. A large part of its production is sold through retail stores. The company's position on the market gives you the opportunity to actively invest in development, trying to increase their market share. An important way to increase competitiveness is to develop new types of products.

We propose the development of a new line of modern furniture– decoupage.

Decoupage – a decorative technique on fabric, glass, wood (and other surfaces), which involves cutting patterns from different materials and gluing them to the surface is decorated. The furnishings are unique and have no analogues in the Ukrainian market. They are much more expensive than the usual mass-produced furniture, because they require hard work. In our opinion, this type of product will be easier to promote in the international market because it is the original, the cost of materials will be smaller.

For this enterprise it is proposed to develop a line of decorated dressing tables. Over recent years they have become very popular as people increasingly began to think about the decor and design of their own premises. The basis will come already designed with the company of the workpiece that will be processed by the designer and rabsares to create a unique design.

For Ukraine, this product is unusual, because Ukrainian consumers accustomed to the more classic choices of furniture. The company needs additional advertising, because consumers should be familiar with the advantages of this company. Also the presence of advertising confirms the high solvency of the company, and the consumers pay attention. The Internet today is a very effective source of advertising, so it can be used to promote products. Thus, it will include a much larger number of people who will be interested in the proposals and the company will be able to enter foreign markets with competitive products that will satisfy consumers.

Conclusion. By identifying and implementing the right strategy of innovative development, a woodworking company out of a difficult situation. Through appropriate innovative transformations will be an increase in sales volumes. Without a strong state policy in the field of innovation to achieve radical change in the competitiveness of domestic production is impossible, so the creation of favorable conditions for development of innovative processes is a priority for public authorities.

References

1. Zakon Ukrainy «Pro innovatsiinu diialnist» [Electronic resource]: Law of Ukraine No. 36 dated 04.07.2002
2. Krasnokutskiy, N. V. (2003). Innovation management: textbook. manual. Kyiv, KNEU.
3. Twineco, M. V., Kekewich, I. V. (2011). Innovation activity as a source of increasing profits. *Bulletin of NTU (KHPI)*, 7, 148-151.
4. Korinko, N. D. (2009). Innovations in activities of business entities. *Actual problems of economy*, 5, 149-154.
5. Yavorskaya, N. P., Rymar, M. V. (2014). Integrated assessment of eco-innovative development of

production. *Environmental Economics and environmental management*. Lviv: Publishing house of Lviv Polytechnic.

6. Yavorskaya, N. P. (2013). Development of evaluation indicators system of environmental-innovative development of the woodworking industry. *Modern scientific Bulletin (Series "Economic science"): the scientific-theoretical, logical and practical journal*. Belgorod: "RusNauka", Issue 3(142), 92-99.

7. Melnik, Yu. M., Bozhkova, V. V. (2008). Strategy of sustainable development as the basis for the management of environmentally oriented development of the region. *Economics: problems of theory and practice. Collection of scientific papers*, 3, 774-780.

ЗАХОДИ АКТИВІЗАЦІЇ ІННОВАЦІЙНОЇ ДІЯЛЬНОСТІ: ІННОВАЦІЙНА СТРАТЕГІЯ ДЕРЕВООБРОБНОГО ПІДПРИЄМСТВА

Денисенко Микола Павлович

д.е.н., професор кафедри бізнес-економіки

Деуліна Карина Сергіївна

студентка

Київський національний університет технологій та дизайну, Україна

Основним чинником розвитку економічних систем в сучасних умовах є інновації, тому для економіки залишається важливим завданням – розвиток внутрішніх процесів на інноваційній основі. Наявність інноваційної складової у виробництві підвищує конкурентоспроможність конкретної фірми і економіки в цілому, а також обсяги виробництва та експорту. Нові ідеї і продукти, прогресивні технології й організаційні рішення дедалі більшою мірою визначають успіх підприємницької діяльності, забезпечують виживання і фінансову стійкість підприємства. необхідність здійснення інноваційної діяльності виступає як головна вимога сучасності. Саме тому проблеми інноваційної сфери діяльності господарюючих систем висувуються в розряд першочергових задач в структурі економічних досліджень. У статті обґрунтовано положення інноваційного розвитку деревообробного виробництва.

Ключові слова: інноваційна діяльність, інновації, інноваційна стратегія, деревообробна промисловість.

МЕРОПРИЯТТЯ АКТИВІЗАЦІЇ ІННОВАЦІЙНОЇ ДІЯЛЬНОСТІ: ІННОВАЦІЙНА СТРАТЕГІЯ ДЕРЕВООБРАБАТЮВАННЯ ПІДПРИЄМСТВА

Денисенко Николай Павлович

д.э.н., профессор кафедры бизнеса-экономики

Деулина Карина Сергеевна

студентка

Киевский национальный университет технологий и дизайна, Украина

Основным фактором развития экономических систем в современных условиях являются инновации, поэтому для экономики остается важной задачей – развитие внутренних процессов на инновационной основе. Наличие инновационной составляющей в производстве повысит конкурентоспособность конкретной фирмы и экономики в целом, а также объемы производства и экспорта. Новые идеи и продукты, прогрессивные технологии и организационные решения все в большей степени определяют успех предпринимательской деятельности, обеспечивают выживание и финансовую устойчивость предприятия. необходимость осуществления инновационной деятельности выступает как главное требование современности. Именно поэтому проблемы инновационной сферы деятельности хозяйствующих систем выдвигаются в разряд первоочередных задач в структуре экономических исследований. В статье обосновано положение инновационного развития деревообрабатывающего производства.

Ключевые слова: инновационная деятельность, инновации, инновационная стратегия, деревообрабатывающая промышленность.